

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Pilkington Brothers (Canada) Limited and its subsidiaries as at 31st March 1972 and the consolidated statements of earnings, deficit and source and use of working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at 31st March 1972 and the results of their operations and the source and use of their working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Coopers & Lybrand

TORONTO, CANADA

MAY 4TH, 1972

COOPERS & LYBRAND

CHARTERED ACCOUNTANTS ✓

CONSOLIDATED BALANCE SHEETA S S E T S

	<u>1972</u> \$	<u>1971</u> \$
CURRENT ASSETS		
Cash	97,001	78,723
Accounts Receivable (Note 2)	9,437,011	7,574,456
Inventories - at the lower of cost or net realisable value (Notes 2 and 3)	8,536,964	7,503,396
Prepaid expenses	301,329	369,696
	18,372,305	15,526,271
INVESTMENTS		
Note - at estimated realisable value	--	187,500
Mortgages and loans receivable	385,261	446,740
Other - at cost	103,350	103,350
	488,611	737,590
FIXED ASSETS (Note 4)		
Land, buildings and equipment		
- at cost	36,770,829	34,755,277
- at valuation	27,903,007	28,306,812
	64,673,836	63,062,089
Accumulated Depreciation	4,692,504	1,782,238
	59,981,332	61,279,851
GOODWILL, at cost	72,030	72,030
	78,914,278	77,615,742



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AS AT 31ST MARCH 1972

LIABILITIES

	<u>1972</u> \$	<u>1971</u> \$
CURRENT LIABILITIES		
Bank indebtedness (Note 2)	19,011,647	12,575,653
Bankers' acceptances payable	--	300,000
Accounts payable and accrued liabilities	5,676,458	5,944,190
Accounts payable - parent and affiliated companies	2,898,916	7,030,867
Current portion of long term debt	1,617,000	1,633,000
Provision for tank repairs	1,333,262	1,946,485
	<u>30,537,283</u>	<u>29,430,195</u>
LONG TERM DEBT		
Notes payable (Note 5)	32,140,500	34,095,500
Less current portion	1,617,000	1,633,000
	<u>30,523,500</u>	<u>32,462,500</u>
Due to affiliated company - subordinated note due 31st December 1981	5,469,162	5,469,162
	<u>35,992,662</u>	<u>37,931,662</u>
UNREALISED GAIN ON EXCHANGE (Note 5b)	1,506,100	1,292,100
	<u>68,036,045</u>	<u>68,653,957</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK

Authorized,
170,000 shares of \$100 each

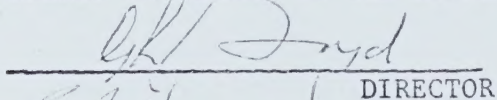
Issued and fully paid
162,271 shares

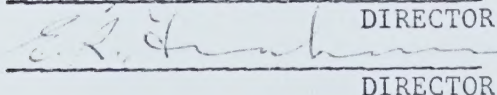
SURPLUS OF REVALUED FIXED ASSETS OVER
DEPRECIATED COST (Note 4a)

DEFICIT

16,227,100	16,227,100
1,110,741	1,110,741
(6,459,608)	(8,376,056)
<u>10,878,233</u>	<u>8,961,785</u>
<u>78,914,278</u>	<u>77,615,742</u>

SIGNED ON BEHALF OF THE BOARD


DIRECTOR


DIRECTOR

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PILKINGTON BROTHERS (CANADA) LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF DEFICIT
FOR THE YEAR ENDED 31ST MARCH 1972

	<u>1972</u> \$	<u>1971</u> \$
DEFICIT - BEGINNING OF YEAR	8,376,056	2,874,195
Profit/(Loss) for the year	1,916,448	(5,501,861)
DEFICIT - END OF YEAR	<u>6,459,608</u>	<u>8,376,056</u>

PILKINGTON BROTHERS (CANADA) LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF EARNINGS

FOR THE YEAR ENDED 31ST MARCH 1972

Federal filing

	<u>1972</u> \$	<u>1971</u> \$
SALES	55,834,801	44,161,239
COST OF SALES AND EXPENSES	53,886,923	44,932,493
PROFIT/(LOSS) BEFORE OTHER ITEMS	1,947,878	(771,254)
OTHER INCOME AND EXPENDITURE		
Loss on disposal or write-off of fixed assets	31,430	2,849,600
Reorganization costs	--	770,135
Adjustment to tank repair provision and other charges	--	1,110,872
	31,430	4,730,607
	1,916,448	(5,501,861)
PROVISION FOR INCOME TAXES	1,000,000	--
PROFIT/(LOSS) BEFORE EXTRAORDINARY ITEM	916,448	(5,501,861)
EXTRAORDINARY ITEM		
Reduction of income taxes on application of prior years losses	1,000,000	--
NET PROFIT/(LOSS) FOR THE YEAR	1,916,448	(5,501,861)

Note: The net profit for the year is after deducting the following charges:

Depreciation	\$ 2,919,905	\$ 1,814,184
Interest on long-term debt	2,485,991	1,262,411
Other interest	1,027,864	1,192,897

The following information is provided in accordance with Section 122.2 of the Canada Corporations Act:

Number of directors	13
Number of directors who receive fees as directors	2
Aggregate of such fees	\$ 6,200
Number of officers	6
Aggregate remuneration of officers	\$ 180,358
Number of officers who are also directors	6

PILKINGTON BROTHERS (CANADA) LIMITED
AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF SOURCE AND USE OF WORKING CAPITAL

FOR THE YEAR ENDED 31ST MARCH 1972

	<u>1972</u> \$	<u>1971</u> \$
SOURCE OF WORKING CAPITAL		
Profit/(Loss) for the year	1,916,448	(5,501,861)
Add: Items not affecting working capital -		
Depreciation	2,919,905	1,814,184
Loss on disposal or write-off of fixed assets	31,430	2,849,600
	4,867,783	(838,077)
Provided (Absorbed) by operations		
Proceeds on sale of fixed assets	362,736	739,268
Proceeds from increase in long term debt (net)	--	12,427,600
Proceeds on sale of capital stock	--	1,227,100
Disposal of investments (net)	248,979	(231,669)
	5,479,498	13,324,222
USE OF WORKING CAPITAL		
Purchase of fixed assets	2,015,552	27,606,929
Repayment of long term debt	1,725,000	--
	3,740,552	27,606,929
INCREASE (DECREASE) IN WORKING CAPITAL	1,738,946	(14,282,707)
WORKING CAPITAL (DEFICIENCY) - BEGINNING OF YEAR	(13,903,924)	378,783
DEFICIENCY IN WORKING CAPITAL - END OF YEAR	(12,164,978)	(13,903,924)

PILKINGTON BROTHERS (CANADA) LIMITED
AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1972

1. PRINCIPLES OF CONSOLIDATION

These financial statements include the accounts of Pilkington Brothers (Canada) Limited and its wholly owned subsidiaries, Pilkington Holdings (Alberta) Limited, Vitrerie Franklin Limitée, The Alberta Paint and Glass Company Limited and Pilkington Glass Limited.

2. SECURITY FOR BANK LOANS

Book debts and inventories of the company have been pledged as security for bank loans.

3. INVENTORIES

These are classified as follows:

	<u>1972</u>	<u>1971</u>
	\$	\$
Finished goods	7,425,116	6,210,951
Raw materials	1,111,848	1,292,445
	<u>8,536,964</u>	<u>7,503,396</u>

4. FIXED ASSETS

- a) In 1970 a revaluation of the fixed assets at March 31, 1970 was made by the directors of the companies based upon the advice of qualified staff, and where necessary by outside valuers. The fixed assets were revalued from cost to estimated depreciated replacement value.

The net increase of \$1,110,741 which resulted from this revaluation is described in the accompanying balance sheet as "Surplus of Revalued Fixed Assets Over Depreciated Cost".

- b) At 31st March 1972, the company has made capital commitments amounting to approximately \$75,000.

5. NOTES PAYABLE

- a) These comprise:

	<u>\$</u>	<u>Rate of Interest</u>	<u>Due Date</u>	<u>Terms of Payment</u>
Secured notes	(18,154,500	5 1/2%	1st December 1981	Annual payments of \$1,600,000 U.S. on 1st December
	(			
	(13,965,000	9 7/8%	1st June 1985	Annual payments of \$1,160,000 U.S. commencing 1st June 1974
	(			
	<u>32,119,500</u>			
Unsecured notes	21,000	Current Bank Rate	1st May 1972	Annual payments of \$21,000 on 1st May
	<u>32,140,500</u>			

The secured notes of \$32,200,000 U.S. are secured by a first mortgage covering all real or immovable properties located in Ontario and by a first floating charge on all other properties.

PILKINGTON BROTHERS (CANADA) LIMITED
AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1972

5. NOTES PAYABLE CONTINUED

- b) The total notes of \$32,200,000 U.S. have been converted to \$32,119,500 Canadian as at 31st March 1972 at the exchange rate at that date resulting in an unrealized gain on exchange amounting to \$1,506,100. This unrealized gain represents the difference in the notes payable in Canadian funds at the exchange rate in existence at the time the funds were received, and the notes payable in Canadian funds as at 31st March 1972.

6. INCOME TAXES

At 31st March 1972 the company had approximately \$10,500,000 of accounting losses carried forward from prior years which can be applied to future years' profits and thereby reduce income taxes in those years.

7. LONG TERM LEASES

The company is committed under various lease agreements expiring more than three years from 31st March 1972. Annual rentals under these leases amount to approximately \$606,000.

FACT SHEET

Cost of Plant and Equipment	\$30 million
Capacity of Plant	2,500 tons of Float glass per week
Size of Plant	500,000 sq. ft.
Warehouse Capacity	20 million sq. ft. of Float glass
Length of Production Line	1,000 ft. from furnace to cutting area
Dimensions of Float Glass Ribbon	10 ft. wide, thicknesses of 1/4" and 1/8"
Main Elements in the Process	Furnace Tin Bath Annealing Lehr Quality Control System Automatic Cutting Warehouse System Electronic Control Systems Automatic Cullet Disposal System
Number Employed	350
Fuel Consumption	\$20,000 worth of natural gas per week
Time Under Construction	15 Months (Nov. 65 - Jan. 67)
Pilkington Glass Limited Officers	Vernal C. German, President George R. Boyd, Vice-President, Manufacturing Lionel C. Bosanquet, Vice-President, Marketing Eric R. Graham, Vice-President, Finance W. Chris Hynd, Works Manager
General Contractor	The Foundation Company of Canada Ltd.
Consulting Engineers	H.G. Acres & Company Limited
Platform Guests	The Hon. Mitchell Sharp, Minister of Finance The Hon. Dalton A. Bales, Ontario Minister of Labor Mr. William R. Allen, Chairman, Metropolitan Toronto Council His Worship, Mayor Albert M. Campbell, of the Borough of Scarborough

Platform Guests ... cont'd

Sir Harry Pilkington, Chairman,
Pilkington Brothers Limited
Mr. Alastair Pilkington, Director,
Pilkington Brothers Limited
Mr. Vernal C. German, President,
Pilkington Glass Limited

TOUGH BUILDING, EQUIPMENT PROBLEMS

SOLVED BY INTERNATIONAL TEAMWORK

When the team of scientists and engineers at Pilkington Brothers Limited in England developed the Float process, the "chemical and physical equilibrium problems between hot liquid glass, hot liquid metal and hot atmosphere broke completely new ground from the technological point of view", according to Alastair Pilkington who developed the original idea.

Because the solutions to these problems and other details of the process are closely guarded secrets, and because the Float process itself is so complex, the design and construction of the Canadian company's Float glass plant in Toronto required extraordinary teamwork by engineers and other specialists from both Britain and Canada. The Canadian consulting engineers, H.G. Acres & Company Limited, and the general contractor, The Foundation Company of Canada Limited, worked closely with Pilkington's central engineering group in St. Helens, England and with British specialists on the site under project engineer, Bert Gleave.

Construction began in November, 1965, to a carefully prepared time schedule. The new facility was ready for the traditional lighting up ceremony just 15 months later despite some particularly challenging construction problems and exceptionally precise requirements for the manufacture and installation of equipment.

In the first place, the logical site for the new plant was immediately beside the Canadian company's existing sheet glass plant in the Metro Toronto borough of Scarborough. This presented two problems: the first was the combination of the unusually deep excavation required -- some 50 feet to accommodate the combustion control system under the furnace and tin bath -- and a high water table, which on this site, is only five feet below grade. The second was the fact that the work had to be done without interrupting the installed underground services for the existing plant for more than three minutes. A longer interruption would have had a disastrous effect on the furnace in the existing sheet glass plant.

The first step was to reroute and build a total of 6,800 feet of track to permit access to the site of the new plant. Next, the existing underground cooling water services were re-routed and re-connected to the sheet plant within the three minute time limit.

The dewatering system developed to deal with the high water table problem required six dewatering pumps, each with a capacity of 3,600 gallons per minute. They operated continuously from January through September.

The dewatering problem was most critical in the excavation for the building housing the melting tank. The walls and waterproofing formed a watertight box in the excavation and if the dewatering

system had failed before the building was fully loaded, the building could, literally, have floated in its excavation.

Once the building was loaded, the degree of precision required in the Float process made it necessary to ensure that there would be absolutely no earth settlement or movement.

This precision in the construction of the plant was carried on, with emphasis, in the installation of the equipment. The tin bath, for instance, which imparts its flatness to the glass in the process, had to be built to exact engineering tolerances and be completely free of vibration. This same degree of precision had to be enforced in the installation of all the production line equipment and the intricate system of electronic controls required to activate and monitor the highly automated process.

According to G.R. Boyd, vice president, manufacturing, the allowable tolerances were much smaller than those permitted in most industrial construction and installation projects, and, even for the experienced Canadian engineers, contractors and manufacturers involved, the complicated and exacting requirements presented a major challenge.

"Their success in meeting that challenge, as reflected in a completely trouble-free start up, is a significant indicator of the skills we have in this country," Mr. Boyd said.

In addition to the main elements in the process -- the 2,500 ton capacity tank, the tin bath, annealing Lehr, automatic cutting

equipment, conveyor system and the 20 million sq. ft. capacity warehouse, a complex system for the salvage of broken glass ("cullet") had to be build through the entire system.

The plant is the largest user of natural gas in this area and its fuel bill is expected to hit \$20,000 per week. In addition to the gas for the melting furnace, special gases are required to create the atmosphere in the tin bath. The supplier of these gases, Liquid Carbonic Canadian Corp. built a special plant for this purpose from which it pipes the gases underground, direct to the Float plant, over a distance of $1\frac{1}{2}$ miles.

In December, 1966, works manager Chris Hynd began filling the first of the 350 new jobs that have been created in the Metro area by the plant. Previously, carefully selected foremen and key personnel from the Canadian sheet glass works had been sent to Pilkington Brothers Limited in England for training and familiarization courses on the Float process.

Besides the specially trained Canadian employees, about 70 specialists from Britain have been directly associated with the job. About 20 of these will remain at the Canadian plant for several years or may decide to stay permanently.

NEW FLOAT GLASS PLANT HIGHLIGHTS

PILKINGTON'S 133 YEARS IN CANADA

Pilkington's history in Canada is not much shorter than its history in Britain. When the company made its first Canadian sale -- in Halifax in 1834 -- it had been operating in Britain for just eight years. As a beginning to the Canadian operation, the sale to the Halifax customer was not too promising. That particular account, company records show, is now 133 years overdue.

This must have been the exception, however, for the records also indicate that, as early as the end of the 19th Century, Canada had become an important market for Pilkington Glass. Long before construction of the trans-continental railway and confederation, Pilkington agents were busy in Halifax, Montreal and Vancouver. These salesmen had one advantage: the markets were quite exclusive, but in those days, the requirements for covering a sales territory were pretty rugged. The more venturesome sales representative had to take to the dirt roads and the rivers in search of customers, but even more conclusive evidence of the challenge of transportation is the fact that the glass was packed in molasses to protect it from breakage.

Confederation and the completion of the railway marked the real beginning of Pilkington activities in Canada. This is reflected

in the rapid opening of branches and warehouses from Montreal to Vancouver around the turn of the Century. The Montreal warehouse was opened in 1890. Three years later the Toronto warehouse was opened on Mercer Street. This was followed by Vancouver in 1903, Winnipeg in 1906 and Calgary in 1914.

By 1913, the volume of business and the sales network across Canada had grown to the point where the parent firm decided to establish a Canadian operation "in depth". The first step was to establish a central or head office for Canada. Montreal was chosen, though a year later, the central office was relocated in Toronto.

The most important development in this respect, however, was the decision to manufacture glass in Canada. A factory was built at Thorold, Ontario, and began producing glass in 1914. Average production was about a quarter of a million feet per week in panes of up to 60 by 40 inches in size.

The glassmaker's art, being highly specialized, most of the skilled people who worked in the Thorold plant were brought to Canada from St. Helens in England where the main Pilkington factories were, and are, located.

For the Thorold operation, the company bought 142 acres of land over and above that required for the plant. On this it erected

houses for the employees and a new village was founded. About 40 homes -- single dwelling and duplexes -- were erected -- in addition to a recreation hall, a store and a school. Meals could be obtained in the factory for 25 cents.

The village, which was called Windle after one of the Pilkington family, developed quickly into a vigorous company town. The residents started a library, a choral society and a dramatic society. They arranged for ministers from churches in Thorold to conduct Sunday School classes and organized a strong football team which played in a local league.

In addition to the skilled tradesmen brought over from St. Helens, a large number of unskilled laborers had to be recruited. Many of these people were new arrivals from Italy, Roumania and Bulgaria, so Windle Village became quite a cosmopolitan community.

The residents, incidentally, had their own way of dealing with the limitations imposed by prohibition. In addition to glassmaking, some of them had learned the brewer's art. There were occasional problems with police from neighboring centres who conducted periodic raids. However, the trial and punishment were administered locally and, evidently, with more than usual sympathy for the offenders.

The practice seems to have been to hold the trial in front of the fire hall and, after the sentence had been pronounced, the

confiscated liquor was publicly poured down a drain. However, the outlet from the drain had been re-engineered to empty into a barrel, so no serious loss was incurred.

The Thorold plant did well up to the 1920's. It supplied much of the glass required to replace windows broken in the tragic Halifax explosion of 1917 and Thorold-made glass was shipped to many other parts of Canada.

The total market was, however, a small one and by 1924, lower priced competitive products from Europe reduced it still further. In that year the Thorold factory was closed down and Windle joined the ranks of deserted villages.

The closing of the Thorold factory must have been a disappointment; for two years previously, Pilkington had formed a Canadian company. Pilkington Brothers (Canada) Limited was granted a Canadian charter on November 23, 1922. In addition to its Canadian business, the new company was also formed with an eye on the United States operations of the parent firm for which it would serve as a North American base. The name continues in active use, but the Canadian company is more generally known as Pilkington Glass Limited.

European competition in Canada evidently affected only the manufacturing at Thorold. Sales of Pilkington glass, imported from Britain, continued to expand. In the very year that the Thorold plant was closed, Pilkington opened a new warehouse in Hamilton.

The depression in the 1930's slowed the expansion rate and restraint continued during World War II. After the war, however, in common with many Canadian firms, Pilkington embarked on its greatest period of expansion. New branches were opened in Ontario and Saskatchewan; two companies were acquired and in Toronto, Pilkington opened its Central Works to manufacture mirrors and Thermopane insulating window units.

In 1950, Pilkington Canada took another major step when it began construction of its sheet glass plant in what is now the Metro Toronto Borough of Scarborough. This plant was completed and drawing glass by the end of 1951.

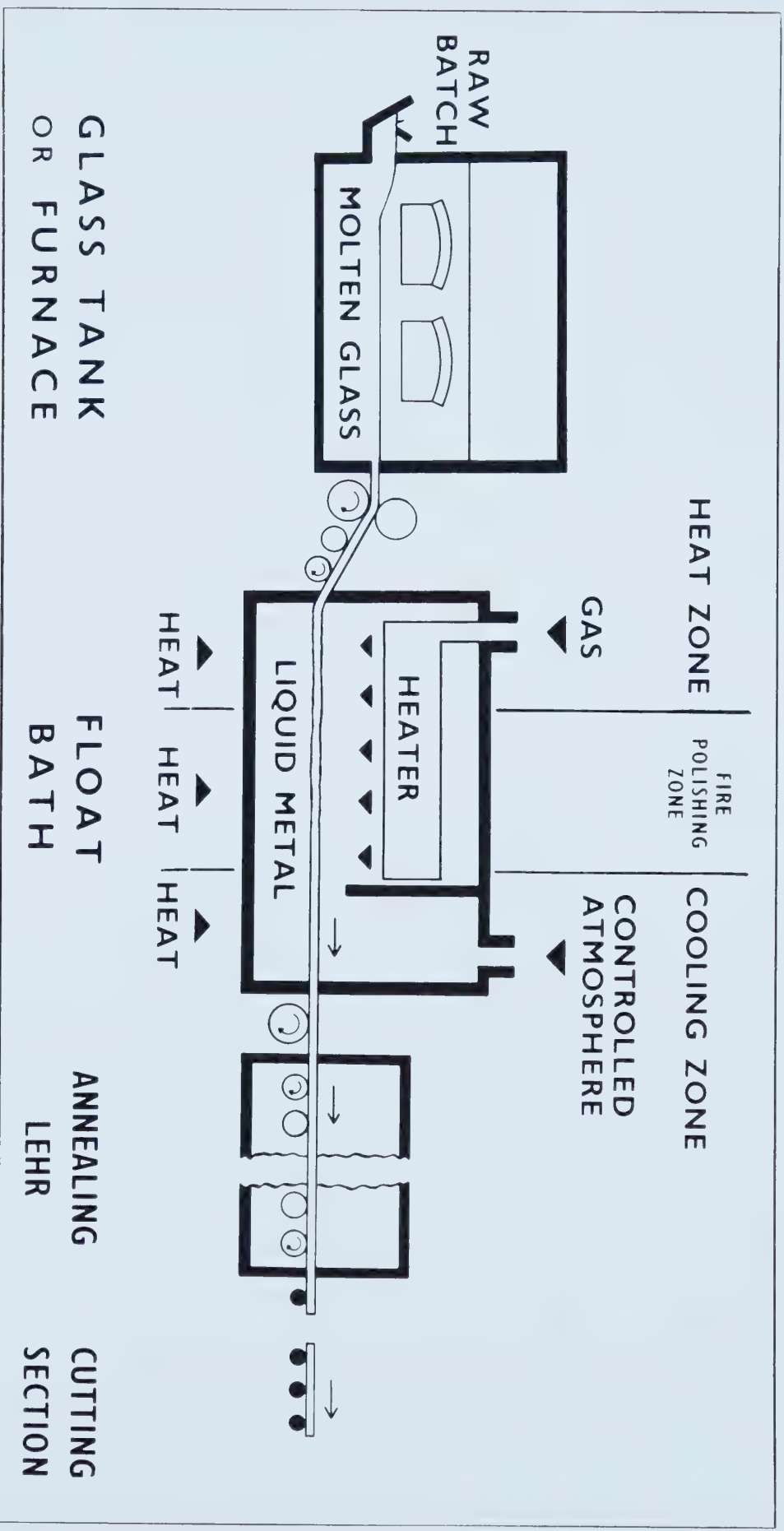
Expansion continued through the 1950's with the acquisition of firms and the opening of new or enlarged branches in Ontario, Quebec, the Maritime provinces and British Columbia -- the latter allowing a move from a building which had originally been constructed as the first Vancouver jail.

This year, as Canada's Centennial celebrations reached their peak, Pilkington also passed another milestone in its Canadian activities. In June, beside the existing sheet glass plant in Scarborough, the company opened its \$30 million Float glass plant -- one of the three largest Float units of the 14 now operating in a dozen countries throughout the world. The plant, with a designed capacity of 2,500 tons of Float glass a week, will, according to V.C. German,

president of the Canadian company, make Canada one of the world's major glass producers -- a development that could not have been predicted by the early Pilkington salesmen working their way over dirt roads in 19th Century Canada.

DIAGRAM

Simplified diagram of the Pilkington Float process. Operations shown extend over 1,000 feet from the furnace to the cutting section.



CAPTION: Photo No. 11190-10

Network of pipes under the melting furnace at Pilkington's new \$30 million Float glass plant in Scarborough, Ontario, is part of the combustion control system.



CAPTION: No. 67317-32

Covered conveyer belts (right foreground) carry broken glass ("cullet") to the cullet building. Cullet is mixed with other raw materials and fed into the melting furnace. Section of the main plant -- extending over 1000 feet -- is shown on the right.



ADDRESS BY MR. V.C. GERMAN, PRESIDENT,

PILKINGTON GLASS LIMITED

FLOAT PLANT OPENING CEREMONY - JUNE 14, 1967

Good morning ladies and gentlemen.

It is a great privilege, honour and pleasure for me as President of Pilkington Glass Limited to welcome all of you this morning and to thank you for attending our ceremony marking a most important milestone in the history of our Company.

I am particularly happy that we have such a distinguished group with us and wish especially to thank the Honourable Mitchell Sharp, Minister of Finance, for his attendance and participation. Mr. Sharp is seated on my immediate right. On my immediate left is the Honourable Dalton Bales, Minister of Labour for Ontario, representing Prime Minister John Robarts. On the left of Mr. Bales is Mr. Alastair Pilkington, a Director of Pilkington Canada, and the gentleman to whom we are indebted for the creation of the Float process which you will see today, and which has set the new standard for the world flat glass industry.

On my extreme left is seated His Worship Albert M. Campbell, Mayor of the Borough of Scarborough.

Turning to the immediate right of Mr. Sharp I am pleased to introduce Sir Harry Pilkington, Chairman of the Board of Pilkington Brothers Limited and Pilkington Canada.

On the extreme right I am pleased to welcome Mr. William R. Allen, Chairman Metropolitan Toronto.

Honourable Ministers, Sir Harry, Ladies and Honoured Guests, we are particularly happy and indeed consider it most appropriate that this event should fall at the peak of Canada's centennial year. The true origin of all that you will see today, however, dates back much further than the gathering of the Fathers of Confederation in Charlottetown. Pilkington's history in Canada is not much shorter than its history in Britain. When the Company made its first Canadian sale in Halifax in 1834, it had been operating in Britain for just eight years. Fortunately the unpromising nature of that first sale did not set the stage for the future, for someone has discovered that payment of that particular account is now 133 years overdue. Growth in those days, of course, was difficult, however, an in-depth organization with the acquisition of several companies and the establishment of a chain of branches and warehouses, spread rapidly across this ambitious nation. With the effect of wars, depressions and one unhappy manufacturing venture early in the century there were many dips in the curve of prosperity during these years. A major landmark was established, however, with the building in 1950 of a large manufacturing operation, adjacent to this building, for the production of window glass, thus adding considerable strength to the embryo Canadian Flat Glass industry. Even with the added

strength the industry has had a precarious existence in struggling against the force of foreign imports in close to a free trade environment, at price levels frequently lower than those in the countries of origin.

Plate glass remained an imported item since the economics of manufacturing scale precluded Canadian manufacture, even for the entire Canadian demand. It was not until the marvellous development of Float glass, and the concurrent broader available market arising from the Canada-U.S. Automotive Free Trade arrangement, that it became possible to make an investment of \$30 million in a plant of the scope that you will see today.

The signing of that agreement was a definite influence on our decision to begin the Canadian Float project when we did. It doesn't guarantee our market but it does make the whole of the North American automobile industry a potential market for Canadian made Float glass and we decided to exploit that opportunity.

With it's 2500 ton per week capacity it is among the very largest of the units yet constructed, in a dozen countries of the world, and in an environment of rapidly developing technology, it incorporates every engineering improvement presently available. It will operate 24 hours per day, and is capable in a year, of producing a continuous ribbon of the highest quality glass, 10 ft. wide, stretching from St. Johns, Newfoundland to Victoria, B.C.

With it, Canada now becomes one of the world's major glass producers. It completes the cycle commenced 15 years ago with advent of large scale sheet glass manufacture, and converts Canada from a total importing basis to one having a self-sustaining domestic flat glass industry.

I must tell you that the start-up period of 17 hours and the superb quality of the product, both, have set world records of performance.

However, our pride in this achievement should not overshadow our gratitude to the people who were responsible.

- many people
- to the Directors with the courage to launch an undertaking of this magnitude.
- to our Government representatives with the vision and skill to negotiate a trading arrangement which would permit the broader market base required to achieve the economies of scale of such an operation as this
- to the contractors, Foundation Company of Canada represented by Mr. Baker today, who transformed 500,000 square feet of floor area, 25,000 cubic yards of concrete, 7000 tons of structural steel, and many millions of dollars of complex equipment into this integrated process, all in 15 months.

- to many sub-contractors and suppliers too numerous to mention in the time available
- to our consulting engineers, H.G. Acres and Co. represented by Mr. Simpson today, and to the excellence of design of the Pilkington process engineers in England with the technical guidance of Mr. Alastair Pilkington
- particularly to our people, including dozens who came to help us from England, to concentrate the experience gained from the other installations throughout the world. They were dedicated and determined to succeed and they worked night and day to achieve it.

Their success becomes our challenge as we move forward from this base, and set our continuing growth plans for the future. I can't help but wonder about our glass salesman of 1834, with his goods packed in Molasses, as was the case at the time, to meet the rigors of 19th century Canadian roads, and what he would say if he could be here today. Undoubtedly he would say that it has been a very long road, but also I think he would be very pleased and proud -- perhaps as much as we.

Thank you again ladies and gentlemen for being with us today.

SIR HARRY PILKINGTON'S SPEECH FOR THE OPENING
OF THE CANADIAN FLOAT PLANT IN TORONTO ON
WEDNESDAY, JUNE 14TH, 1967.

Mr. Minister, Ladies and Gentlemen -

I am delighted to see so many people here for this very important event. This is the first Float glass plant in the British Commonwealth outside the three that we have in England. Plate glass never has been made in the Commonwealth except in England. Such is the scale of the minimum production unit that Plate glass never would have been viable in Canada. We were strongly urged Mr. Minister, by your representative in London some time ago, to erect a Plate glass plant in Canada, but we showed that the cost compared with the probable demand, would not justify it. The invention of Float glass alone made this factory possible.

Now The Automotive Agreement which ensured many more automobiles made in this country and more Canadian added value will, with luck, make one plant viable here -- if that plant is really efficiently run. This was a real challenge to my Company, both in England and here, to build a viable plant that could satisfy the demands of the Canadian market. This had to be an exceptional plant -- it is. It has made good glass now for four months and today its manufacturing success is assured, with enormous benefit to the Canadian economy; now we have to sell the output. We have accepted this challenge from Canada -- we are used to accepting challenges from Canada -- and, Mr. Minister, sometimes relying on

ourselves alone, but sometimes having to count upon Government support. It is now well over fifty years since we first made Sheet glass in Ontario at Thorold. That plant battled against heavy odds throughout the First War and for some years after. I remember myself seeing it in 1913; we were staying at St. Catherines -- I wanted to go to see Niagara Falls. We missed the tram because one of my sisters took too long over her lunch, and the only remaining tram went to Thorold where we saw the glass works, which was then of no interest to me -- certainly not compared with your Niagara Falls!

Another Director of my Company here today, Mr. Watt, played an active part at Thorold when our Head Office was in St. Catherines. In the end Thorold closed because it could not withstand European competition. That was the first flat glass works built in this country, built when my Company, almost unique among British industrial companies, was already well established here with a chain of distributing depots stretching from Halifax to Vancouver. After Thorold there was no domestic manufacture for fifteen years until a plant started in the Province of Quebec during the Second World War, when exports from Europe had stopped, and when we in England also, the other traditional supplier, had other things on our hands.

From then until now Britian has been struggling to repay the Wartime debts incurred in the interests of Western Civilization.

This means exports, particularly to the Western Hemisphere. We have exported here and to the U.S.A. My Company's exports since 1945 to these two countries have now exceeded \$150 million. When, however, this Wartime factory fell into capable and responsible hands -- worthy competitors, the Pittsburgh Plate Glass Co. -- we set up our own Sheet glass factory here in Scarborough with a consequent heavy reduction in British exports. This, like the Montreal factory has had scarcely any protection against imports in an industry that, as our neighbours in the United States know well, is harrassed by imports from many other countries with highly protected domestic window glass factories. Survival of the Canadian flat glass industry has not been made easy during the past fifteen years. Both the manufacturers have felt that these exceptionally high imports have been excessive and unfair.

Now for the third time we accept a challenge to produce in Canada what Canada wants, backed by the Canadian Government's Automotive Trade Treaty, and to do it at the expense of our own country, of our own exports.

We believe in Canada -- we believe in the Canadian market. We accept it that the Government of Canada has decided that far more automobiles must be made in Canada with a high proportion of Canadian added value.

Mr. Minister, we have to rely on you to ensure that this Agreement is not of short duration and is effective, because it is idle to

pretend that manufacturing costs in Canada can ever be quite as low as those in the United States. In the long run industries can only remain competitive if they are themselves able to provide those profits from which the resources of future expansion can be obtained -- if in fact they can be profitable, and as profitable as those south of the border or those across the Atlantic or the Pacific.

Mr. Minister, and Ladies and Gentlemen, in Canada, a new developing ambitious country, there are many industries which can support only a few large modern manufacturing units; but there are very few dependent on only one unit. Here the product of one continuous line of glass flowing -- which you will see -- continuously day and night, night and day, is more than sufficient to supply the whole of the requirements of this great country. We are especially inflexible, especially vulnerable, especially entitled to ask for a lasting policy that will enable us to develop our efficiency and to serve to the full the Canadian interests, whether it be the consumer, the producer, or the public purse.

This process and plant that you are about to see looks simple, looks undramatic. It is not. I don't know of any process that has involved greater risks in its development. It is one of the historic industrial revolutions of this Century. And it is a British one -- British in conception, invention, and development

from start to finish, achieved speedily in an untried scientific field beyond the frontiers of existing knowledge. It achieved success -- it might not have done. Great risks were taken and might have failed to come off. This process is so formidable a contribution to the art of glass manufacture that there is no single traditional manufacturer of Plate glass in the Western world that has not now taken this British process under licence, and not only in the Western world -- in Russia and in Czechoslovakia similar licences have been concluded. But even now this process is far from perfect. In 1961, six years ago, we showed the Queen and the Duke of Edinburgh a plant in the early stages of construction similar to the plant that you are going to see. This was the second Float glass plant in the world. It was completed one year later. One year ago, only four years after its completion, it began to be destroyed to be rebuilt anew. Such is the rate of progress and its cost, such is the risk. So this year we brought into use two new plants -- this in Scarborough, where we applied all the proved existing knowledge. We did not go beyond the frontiers of existing development. We put in the best that was known and proved. We brought over our best people, we gave freely to you of the very best of our experience in England, and the result was that this plant made good glass in the record time of seventeen hours from the start -- and is still doing so.

The other plant was the one in St. Helens, built and rebuilt within six years since the time that the Queen and Prince Philip

were the first to see the Float process. Here we ventured once more beyond our own existing knowledge and experience, we made experiments. In this inflexible industry each costly experiment has to be made on a production plant; we in England take this risk -- and Canada and our other licensees, spared the expense, will benefit. In Canada, as in other countries, our licensee is getting a wealth of past, present, and future experience -- and the future is still as full of promise and of problems, of success and of frustration as the past.

We, Sir, believe in the British Commonwealth and we think of Canada and of Britain as two of its strongest members. Politically the Commonwealth, though led traditionally from England, has adapted itself uniquely in recent generations to the changing world. We too in industry have changed our notions in parallel. Long ago we ceased to regard Canada as only a market for British industrial exports and a source of British food and primary products. We know that Canadian commercial policy should be settled in Canada by Canadian management, that Canadian enterprises should be run by Canadians in the interests of a Canada that is part of a larger world, that Canadian law and custom applies. We hope that our enterprise is foremost among those that fill your ideals of a good Canadian company. We, faced in Britain with a permanent problem of balancing our payments and our trade know that Canada too has problems. This Company, this industry, will

help Canada; we hope too that it will strengthen us in Britain. We hope also that it will stand now on its own feet and will help to provide the financial and the human resources from which to serve other parts of the Commonwealth as they in their turn reach the stage that this factory proves Canada has now reached.

